

§ 3214.19

- (b) Reclaiming the surface and other resources;
- (c) Compensatory royalties assessed for drainage; and
- (d) Rent and royalties due.

§ 3214.19 What are my bonding requirements when a lease interest is transferred to me?

(a) Except as otherwise provided in this section, if the lands to be transferred to you contain a well or any other surface disturbance which the original lessee did not reclaim, you must post a bond under this subpart before BLM will approve the transfer.

(b) If the original lessee does not transfer all interest in the lease to you, you may become a co-principal on the original bond, rather than posting a new bond.

(c) You do not need to post an additional bond if:

- (1) You previously furnished a state-wide or nationwide bond sufficient to cover the lands transferred; or
- (2) The operator provided the original bond, and the operator does not change.

§ 3214.20 How do I modify my bond?

You may modify your bond by submitting a rider to the BLM State Office where your bond is held. There is no special form required.

§ 3214.21 What must I do if I want to use a certificate of deposit to back my bond?

Your certificate of deposit must:

(a) Be issued by a Federally-insured financial institution authorized to do business in the United States;

(b) Include on its face the statement, "This certificate cannot be redeemed by any party without approval by the Secretary of the Interior or the Secretary's delegate;" and

(c) Be payable to the Department of the Interior, Bureau of Land Management.

§ 3214.22 What must I do if I want to use a letter of credit to back my bond?

Your letter of credit must:

(a) Be issued by a Federally-insured financial institution authorized to do business in the United States;

43 CFR Ch. II (10–1–08 Edition)

(b) Be payable to the Department of the Interior—Bureau of Land Management;

(c) Be irrevocable during its term and have an initial expiration date of no sooner than 1 year after the date we receive it;

(d) Be automatically renewable for a period of at least 1 year beyond the end of the current term, unless the issuing financial institution gives us written notice, at least 90 days before the letter of credit expires, that it will no longer renew the letter of credit; and

(e) Include a clause authorizing the Secretary of the Interior to demand immediate payment, in part or in full:

(i) If you do not meet your obligations under the requirements of § 3200.4; or

(ii) Provide substitute security for a letter of credit which the issuer has stated it will not renew before the letter of credit expires.

Subpart 3215—Bond Release, Termination, and Collection

§ 3215.10 When may BLM collect against my bond?

If you fail to comply with the requirements listed at § 3200.4, we may collect money from the bond to correct your noncompliance. This amount can be as large as the face amount of the bond. Some examples of when we will collect against your bond are when you do not properly or in a timely manner:

- (a) Plug and abandon a well;
- (b) Reclaim the lease area;
- (c) Pay outstanding royalties; or
- (d) Pay assessed royalties to compensate for drainage.

§ 3215.11 Must I replace my bond after BLM collects against it?

If BLM collects against your bond, before you conduct any further operations you must either:

- (a) Post a new bond equal to the value of the original bond; or
- (b) Restore your existing bond to the original face amount.

§ 3215.12 What will BLM do if I do not restore the face amount or file a new bond?

If we collect against your bond and you do not restore it to the original

Bureau of Land Management, Interior

§ 3216.14

face amount, we may shut in any well(s) or utilization facilities covered by that bond and may terminate affected leases.

§ 3215.13 Will BLM terminate or release my bond?

(a) BLM does not cancel or terminate bonds. We may inform you that your existing bond is insufficient.

(b) The bond provider may terminate your bond provided it gives you and BLM 30-days notice. The bond provider remains responsible for obligations that accrued during the period of liability while the bond was in effect.

(c) BLM will release a bond, terminating all liability under that bond, if:

(1) The new bond that you file covers all existing liabilities and we accept it; or

(2) After a reasonable period of time, we determine that you paid all royalties, rents, penalties, and assessments, and satisfied all permit and lease obligations.

(d) If an adequate bond is not in place, do not conduct any operations until you provide a new bond that meets our requirements.

§ 3215.14 When BLM releases my bond, does that end my responsibilities?

When BLM releases your bond, we relinquish the security but we continue to hold the lessee or operator responsible for noncompliance with applicable requirements under the lease. Specifically, we do not waive any legal claim we may have against any person under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 *et seq.*), or other laws and regulations.

Subpart 3216—Transfers

§ 3216.10 What types of lease interests may I transfer?

You may transfer record title or operating rights, but you need BLM ap-

proval before your transfer is effective (see § 3216.21).

§ 3216.11 Where must I file a transfer request?

File your transfer in the BLM State Office that handles your lease.

§ 3216.12 When does a transferee take responsibility for lease obligations?

After BLM approves your transfer, the transferee is responsible for performing all lease obligations accruing after the date of the transfer, and for plugging and abandoning wells which exist and are not plugged and abandoned at the time of the transfer.

§ 3216.13 What are my responsibilities after I transfer my interest?

After you transfer an interest in a lease you are still responsible for rents, royalties, compensatory royalties, and other obligations that accrued before your transfer became effective. You also remain responsible for plugging and abandoning any wells that were drilled or existing on the lease while you held your interest. You must carry out this responsibility upon the BLM's determination at any future time that the wells must be plugged and abandoned.

§ 3216.14 What filing fees and forms does a transfer require?

With each transfer request you must send BLM the correct form and pay the transfer fee required by this section. When you calculate your fee, make sure it covers the full amount. For example, if you are transferring record title for three leases, submit \$225 with the application.

Use the following chart to determine the number and types of forms required. The applicable transfer fees are in the fee schedule in § 3000.12 of this chapter.

| Type of transfer | Form required? | Form No. | Number of copies |
|-----------------------------|----------------|-----------------|--------------------|
| (a) Record Title | Yes | 3000-3 | 2 executed copies. |
| (b) Operating Rights | Yes | 3000-3(a) | 2 executed copies. |
| (c) Estate Transfers | No | N/A | 1 List of Leases. |
| (d) Corporate Mergers | No | N/A | 1 List of Leases. |
| (e) Name Changes | No | N/A | 1 List of Leases. |